STATEMENT OF
JEFFREY R. IMMELT, CHAIRMAN & CEO, GE

BEFORE THE HOUSE COMMITTEE ON ENERGY AND COMMERCE

HEARING ON
CLIMATE CHANGE AND UNITED STATES CLIMATE ACTION PARTNERSHIP

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Mr. Chairman, Ranking Member Barton, and Members of the Committee:

Good morning. I am Jeffrey R. Immelt, Chairman and CEO of General Electric Company (GE).

GE is Imagination at Work - a diversified technology, media and financial services company focused on solving some of the world's toughest problems. With products and services ranging from aircraft engines, power generation, water processing and security technology to medical imaging, business and consumer financing, media content and industrial products, we serve customers in more than 100 countries, and employ more than 327,000 people worldwide.

GE is made up of four businesses, each of which includes a number of units aligned for growth. Our businesses fuel the global economy and improve people's lives. Our four global research centers attract the world's best technical minds. With more than 3,000 researchers working toward the next breakthrough, GE is positioned to continually innovate, invent and reinvent. GE is the only company listed in the Dow Jones Industrial Index that was included in the original index in 1896.

I am pleased to be here today to testify as one of the founding members of the United States Climate Action Partnership (USCAP) as we unveil our consensus *Blueprint for Legislation* to address climate change. The Blueprint is a product of two years of intensive work. We believe that it provides a framework for the 111th Congress to consider as it begins its work on this complex issue. Our proposal is not the only approach to addressing climate change, but offers a workable, balanced option on the key linked issues of targets and timelines, cost-containment and offsets, and allocation and coal that, if implemented, would result in climate protection and allow continued economic growth.

We joined with the other members of USCAP for three key reasons:

First, our company has developed a business model based on innovative environmental and energy technology that we know from our own experience can reduce energy consumption and greenhouse gas emissions, and save substantial resources.

Under ecomagination, which is what we call this business model, we committed to reduce our greenhouse gas emissions by 1% in absolute terms by 2012 versus our "business as usual," projected growth of 20 to 25%. As of the end of 2008, we have reduced our emissions by 8% from our 2004 baseline. We also estimate that we have saved about $100 million dollars by reducing our energy use and greenhouse gas emissions.

Our ecomagination revenues were $17 billion in 2008. We will reach our original $20 billion goal a year ahead of plan in 2009; therefore, we raised our goal to $25 billion by 2010. Our ecomagination order backlog is more than $70 billion. Ecomagination revenue has been growing at 20 percent a year, faster than the rest of the company. Clearly, these are positive results for our shareholders.

Ecomagination also has been good for our workforce. About 20% of our US workforce is tied to ecomagination products. We expect that percentage to increase as the number of our ecomagination products and revenues grow. In addition, about 60,000 US-based supplier jobs are tied to ecomagination products.

Second, we believe that a green business model is good for business, supports jobs and brings revenues to shareholders. Again, ecomagination has validated this premise. We believe that it can work not only for GE, but also for other companies and for the US economy as well. The energy price shock of the last year tells us that we need to take control of our destiny, and the key to doing so is for the US to become the leader in efficient, clean energy technologies. We can reduce our dependence on foreign oil and reduce greenhouse gas emissions, all the while building a platform for economic growth and good U.S. jobs.

Third, and equally important, we have participated in USCAP in recognition of the fact that any clean energy strategy can be sustainable only if the right governmental policies are in place, and green technologies are economically valued. We believe that properly structured climate legislation that balances environmental protection and the need to sustain a dynamic economy is necessary to achieve this goal.

In support of this position, I note our experience.

1. GREEN BUSINESS IS GOOD BUSINESS

After more than 130 years, we have a unique perspective on how green business can be good for the bottom line. We took some risks – but we have been rewarded. I'm pleased to share our experience with you today.

GE launched its sustainable business strategy – "ecomagination" – in 2005. It is our commitment to invest in technologies that help our customers and GE address growing climate and resource scarcity challenges. Our commitment has been grounded in the belief that what is good for the environment can be good for business, and what's good for business can be good for the environment. We like to say that "green is green": the

power of technology is going to enable environmental investing, environmental development and energy savings to drive profits for our shareholders.

We made four concrete, measurable commitments three years ago:

1) to grow cleaner revenues to $20 billion by 2010;
2) to double cleaner R&D to $1.5 billion by 2010;
3) to reduce our own GHG footprint and energy use; and
4) to keep the public informed.

We recently added a fifth commitment:

5) to reduce our water use by 20% by 2012.

We started by committing to reduce our own greenhouse gas emissions by 2012 by an absolute 1% from our 2004 baseline. We have more than 5,000 projects across the company, helping to reduce our CO_2 footprint by 8%, or 700,000 tons, thus far. We also have committed to lowering our energy intensity by 30% by 2012; we currently are down 34%.

What is equally important is that these actions have resulted in savings to the bottom line in reduced energy and fuel consumption of $100 million in 2007 and an estimated $120 million for 2008. Most of these projects have less than a two-year payback period, and many are under 6 months. Investment in energy efficiency is just smart business – and a hedge against future high-energy prices and the very real likelihood of a price on CO_2. This is good news for GE investors as it reduces risk. It is also an energizer within our company, offering employees opportunities to highlight savings within their own businesses.

The results are encouraging for our company, our employees and our shareowners. Our ecomagination revenues were $17 billion for 2008. We will reach our $20 billion goal a year ahead of plan, and therefore are raising our goal to $25 billion by 2010. Our order backlog is more than $70 billion. Ecomagination revenue has been growing at 20 percent a year, faster than the rest of the company, as customers opt for products that provide them better environmental performance and better economics.

Ecomagination also is driving innovation. We will spend $1.4 billion on “cleantech” this year, nearing our goal of $1.5 billion in annual clean R&D investment by 2010. We continue to invest in products and new technologies to make more efficient gas turbines, aircraft engines, locomotives and compression equipment with lower emissions. We continue to grow our R&D spending year over year. We are funding improvements in wind turbines and solar that will make these renewable technologies more efficient and cost effective. We have already seen a positive impact on the cost of wind power.

We are working on new technologies such as Integrated Coal Gasification Combined Cycle (IGCC), which will allow this country to use its indigenous, secure coal resources. Other technology programs include more efficient grid transmission, Smart Meters and demand side management to allow utilities to maximize existing resources The latter technologies would allow ratepayers to "talk" to their utility over power lines and use energy more efficiently.

We have invested in numerous technologies that allow industrial and municipal customers to use water more efficiently. In many industrial applications, our technologies enable 90% recovery of wastewater.

We also are exploring the potential of next generation biofuels for use in all of our internal combustion products, such as aircraft engines, gas engines, gas turbines and locomotives.

Finally, regarding our fifth, and newest, goal: a 20% water reduction. This commitment is expected to free up enough fresh water to fill over 3,000 Olympic-sized swimming pools every year. While CO_2 is a major challenge in today's environment, we believe water scarcity is the next such challenge – indeed, it is already upon us. GE technology can help.

In short, we see financial benefits from having differentiated, competitive products that are winning in the marketplace, lower operating costs due to better efficiency, and significant public recognition for our efforts. This is of exceeding value in our relationships with customers – my second point today.

2. HELPING CUSTOMERS COMPETE AND WIN IN THE NEW GREEN ECONOMY

Some proponents of sustainability believe that improving the environment and combating climate change are sufficient incentives for adoption of green technologies. We find that unless they are coupled with a realizable economic benefit, rapid implementation will not occur. With respect to the competitive advantage that green technologies can offer, some numbers make the case most clearly.

We are the number one wind turbine manufacturer in the U.S., and number two worldwide, with over 8,700 wind turbines installed. Wind will be a $6 billion business for GE this year, up from $300 million when we bought it just 6 years ago. The business has grown because we invested in technology – wind capture, reliability, and maintenance – that improved both performance and economics.

Our Evolution locomotive, 5% more efficient than the competition, was and continues to be the most successful uptake of a technology in the rail industry, where we enjoy a strong number one position.

Our GENX, GE90 and CFM aircraft engines continue to hold number one positions on all the aircraft they power, and we recently received over $4 billion in orders at the

Farnborough International Air Show. Our installed base of biomass engines, called Jenbachers, continues to grow around the world, with over 8000 engines installed. A third of those engines are in renewable applications such as landfill, biomass or coal mine methane applications.

These numbers are clearly good for GE. That is so only because they help our customers compete both technically and commercially to win in an increasingly carbon-constrained world. Whether an airline, a utility or a railway, customers need these technologies to succeed in today's changing regulatory and policy landscape.

We plan to continue making money doing this, and helping our customers to make money. We are capitalists at GE.

If a publicly traded company cannot make money for shareowners, then that company is not a "sustainable business". Nor can it be a driver for sustainable policy progress. Big solutions require big bets on big technology. Anything less will not work.

3. CLEAN R&D

There needs to be a convergence of policy and technology that will allow us to reach our goals of greater energy availability and affordability and reduced greenhouse gas emissions.

In this world, we can never be certain which technology or public policy is going to succeed. Fortunately, GE is big enough to make a number of different, big bets at the same time.

Our R&D pipeline is full of new product and white space ideas, and we have grown our eco product portfolio three times since ecomagination began. We now have more than 60 ecomagination products demonstrating both environmental and commercial benefits for our customers.

In addition to the technologies discussed above, GE has invested in technologies that help small and medium enterprises and individual consumers lower their carbon footprints, energy bills and water consumption. These technologies include the world's most efficient lighting products, such as linear fluorescent and compact fluorescent bulbs, Energy Star appliances, and energy management controls.

One interesting new offering is the Homebuilder Program, which guarantees 20% less energy and water use for certified homes. Even in this distressed homebuilders' market, this program is doing well, with close to 30,000 homes under contract.

A similar product for hospitals has been introduced. It improves both the workflow efficiency and the energy and water footprint of the hospital.

4. USCAP AND CLIMATE POLICY

USCAP began approximately three years ago, and released its *Call for Action* at the beginning of the 110th Congress. From the outset, the members recognized that climate change is a complex and difficult issue, and that any climate program must balance the demands of environmental protection with the need for economic growth if we were to be successful. Our goal has been to build a center on this issue that would result in a workable, environmentally effective and economically sustainable climate protection program. We believe that the *Blueprint* that USCAP announced today provides a path forward that will achieve that goal.

USCAP is proposing an economy-wide cap and trade program because we believe that it will provide the most reliable, cost-effective mechanism for stimulating and accelerating research, development and deployment of "sustainable" technologies over the long-term. However, we also think that there will be a transition period during which government policies and incentives will be necessary to stimulate the deployment of low carbon technologies, such as renewables, cleaner coal with carbon capture and sequestration, and low carbon fuels and transportation systems.

We know that our proposal is not the last word—we are not legislators. It is offered as a starting point in an effort to build the broad consensus that is needed to enact legislation. Our commitment as a group now is to work with Congress (both Houses, both parties), the new Administration and other stakeholders to enact this year, if possible, climate legislation consistent with the principles underlying the the Call for Action and the Blueprint: namely, that the legislation must be fair, environmentally protective and economically sustainable for our country.

In conclusion, I again thank you for this opportunity to appear before you today, and look forward to any questions you might have.